ANNUAL BUDGET OF

NGWATHE LOCAL MUNICIPALITY

2018/19 TO 2020/21

REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

- **In the foyers of all municipal buildings**
- **All public libraries within the municipality**
- **At www.ngwathe.fs.gov.za**

Table of Contents

PART 1 – ANNUAL BUDGET 2

1.1 MAYOR'S REPORT 2
1.2 EXECUTIVE SUMMARY 2
1.3 OPERATING REVENUE FRAMEWORK 5
1.4 OPERATING EXPENDITURE FRAMEWORK 20
1.4 CAPITAL EXPENDITURE 22

2 PART 2 – SUPPORTING DOCUMENTATION 23

2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS 23
2.2 OVERVIEW OF BUDGET RELATED-POLICIES 25
2.3 MUNICIPAL MANAGER'S QUALITY CERTIFICATE 26

Abbreviations and Acronyms

AMR	Automated Meter Reading

ASGISA Accelerated and Shared Growth Initiative

BPC Budget Planning Committee
CBD Central Business District
CFO Chief Financial Officer
CM City Manager
CPI Consumer Price Index
CRRF Capital Replacement Reserve Fund
DBSA Development Bank of South Africa
DoRA Division of Revenue Act
DWA Department of Water Affairs
EE Employment Equity
EEDSM Energy Efficiency Demand Side Management
EM Executive Mayor
FBS Free basic services
GAMAP Generally Accepted Municipal Accounting Practice

GDP Gross domestic product
GDS Gauteng Growth and Development Strategy
GFS Government Financial Statistics
GRAP General Recognised Accounting Practice
HR Human Resources
HSRC Human Science Research Council
IDP Integrated Development Strategy
IT Information Technology
kℓ kilolitre
km kilometre
KPA Key Performance Area
KPI Key Performance Indicator
kWh kilowatt

ℓ Litre
LED Local Economic Development
MEC Member of the Executive Committee
MFMA Municipal Financial Management Act Programme
MIG Municipal Infrastructure Grant
MMC Member of Mayoral Committee
MPRA Municipal Properties Rates Act
MSA Municipal Systems Act
MTEF Medium-term Expenditure Framework
MTREF Medium-term Revenue and Expenditure Framework
NERSA National Electricity Regulator South Africa
NGO Non-Governmental organisations
NKPIs National Key Performance Indicators
OHS Occupational Health and Safety
OP Operational Plan
PBO Public Benefit Organisations
PHC Provincial Health Care
PMS Performance Management System
PPE Property Plant and Equipment
PPP Public Private Partnership
PTIS Public Transport Infrastructure System
RG Restructuring Grant
RSC Regional Services Council
SALGA South African Local Government Association
SAPS South African Police Service
SDBIP Service Delivery Budget Implementation Plan SMME Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Purpose

The purpose of this report is to table the Medium-Term Revenue and Expenditure Framework (MTREF) for the period 2018/2019 to 2020/2021 in Council in terms of section 16 (2) of the Municipal Finance Management Act (MFMA)

1.2 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programme's so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers.

National Treasury's MFMA Circular No. 89 and 91, previous circulars, the NDP and the FSGDS were used to guide the compilation of the 2018/19 MTREF.

Challenges experienced during the compilation of the 2018/19 MTREF are summarized as follows:

- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Rand Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable;
- The ongoing difficulties in the national and local economy;
- Tariffs increase being guided by NERSA and inflation rate
- Wage increases for municipal staff and the need to fill critical vacancies;
- Affordability of capital projects

The following key factors and planning strategies have informed the compilation of the 2018/19 MTREF:

- The need for tariff increases versus the ability of the community to pay for services;
- Tariffs should be cost reflective to ensure sustainability of the municipality
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act; ☐ Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt)
- Performance trends
- The 2017/18 adjustments budget and performance against the SDBIP
- Debtor payment levels
- Loan and investment possibilities
- Improved and sustainable service delivery

The proposed revenue budget for the 2018/19 financial year is R703m, with the operational expenditure budget of R840m and a capital budget of R102m. This is an increase of R141m or 20% on the adjustments budget of R698m in the 2017/2018 financial year.

The marginal increase in the budget is a result of:

i) Trimming down of the expenditure budget to match the anticipated collection rate for the financial year.
ii) The current collection rate is between 50% and 60%.
iii) The municipality anticipate an increase of 10% on the current collection towards the budget

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2018/19 MTREF

FS203 Ngwathe - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	**59 639**	64 481	76 797	84 461	83 018	83 018	83 018	87 335	89 276	94 275
Service charges	224 088	232 789	261 919	353 988	313 211	313 211	313 211	358 426	374 166	395 119
Investment revenue	756	1 998	1 522	1 400	1 400	1 400	1 400	1 473	1 480	1 563
Transfers recognised - operational	118 934	190 055	173 559	169 751	169 751	169 751	169 751	194 555	182 600	194 728
Other own revenue	38 421	37 335	48 309	74 569	57 410	57 410	57 410	61 285	73 306	76 232
Total Revenue (excluding capital transfers and contributions)	441 838	526 657	562 107	684 170	624 790	624 790	624 790	703 073	720 827	761 917
Employee costs	179 108	183 643	186 764	204 626	204 626	204 626	204 626	218 950	234 277	250 676
Remuneration of councillors	10 711	11 479	11 443	13 300	13 300	13 300	13 300	14 486	15 283	16 123
Depreciation & asset impairment	108 133	154 076	66 235	65 550	65 550	65 550	65 550	68 959	69 286	73 166
Finance charges	58 711	81 100	106 580	104 850	200	200	200	210	221	233
Materials and bulk purchases	190 234	191 568			189 086		189 086	276 198	290 834	
Transfers and grants	–	–	237 780	180 546	–	189 086	–	–	–	306 830
Other expenditure	258 905	126 652	–	–	225 714	–	225 714	256 903	224 200	–
Total Expenditure			218 257	216 198		225 714				236 701
Surplus/(Deficit)										

805 803	748 517	827 059	785 071	698 477	698 477	698 477	835 706	834 101	883 729
(363 965)	(221 860)	(264 952)	(100 901)	(73 687)	(73 687)	(73 687)	(132 633)	(113 274)	(121 812)

1.2.1. The following summary of tariffs applied for increase on 2018/19 budget,

1. Water Supply 8.7%
2. Electricity 6.84% (Pending Nersa Approval)
3. Sewerage 5.2%
4. Refuse 5.2%
5. Rates and Taxes 5.2% (With 10% further discount on Residential and 5% further discount on business)
6. Cemeteries 5.2%
7. Halls 5.2%
8. All Other Sundries 5.2%

The following Items are being excluded from operating expenditure as they have no cash outflow impact in the budget:

- Depreciation R 69m
- Provision for bad debts R 72m

When compared to the 2017/18 Adjustments Budget, the major operational expenditure has increased by 17 per cent in the 2018/19 budget; the increase is due to the following:

1. Salaries 7%
2. Bulk purchase on electricity and water 65%

1.3 Operating Revenue Framework

For Ngwathe Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of the municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipal area and continued economic development;
- Sustainable revenue management, which aims to ensure a 70 per cent annual collection rate for property rates and other key service charges for 2018/19;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement
- The municipality's Indigent Policy and rendering of free basic services; and • Tariff policy of the Municipality.

The following attached tables is a summary of the 2018/19 MTREF (classified by main revenue source):

Table 2 Table A4 Summary of revenue classified by main revenue source

In the 2017/18 budget adjustment on revenue from rates and services charges totalled 396million. In 2018/19 it increased to R445 million or 12% increase. The collection rate is based on the total of the account receivables.

The municipality's ability to fund its operations is largely based on generating its own revenue. 70% per cent is envisaged of the total municipality income in the 2018/19 financial year (55% in 2017/2018). R194m will be from government grants. The collection of revenue is therefore crucial to the financial well-being of the municipality. The budgeted contribution to the provision for doubtful debts is R71m. The largest revenue items are electricity revenue at R204m, water revenue at R69m, assessment rates at R83m, of the total operational revenue (i.e. excluding capital grants of R102m). Revenue from electricity and water sales, government grants and property rates remain the main income items for the MTREF period as can be seen on the table "percentage growth in revenue by main revenue source" below

'Other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, Interest income and Rental Income. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Operating grants and transfers totals is proposed to be R194 million in the 2018/19 financial year, R182 million for 2019/20 and R194 million by 2020/21

FS203 Ngwathe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21

Revenue By Source		59	64	76	84	83	83	83	87	89	94
Property rates		639	481	797	461	018	018	018	335	276	275
Service charges - electricity revenue		121 262	126 031	146 092	197 280	175 405	175 405	175 405	204 732	208 525	220 202
Service charges - water revenue		46 688	51 685	56 811	73 962	65 137	65 137	65 137	69 424	78 178	82 556
Service charges - sanitation revenue	2	29	29	31	43	38	38	38	45	46	48
Service charges - refuse revenue	2	399	082	246	698	165	165	165	205	189	775
Service charges - other	2	26	25	27	39	34	34	34	39	41	43
Rental of facilities and equipment	2	739	990	771	049	504	504	504	064	275	586
Interest earned - external investments	2			1	3	–	–	–	3	3	4
Interest earned - outstanding debtors		1	1	452	707	3 170	3 170	3 170	440	918	138
Dividends received		434	009	1	1				1	1	1
Fines, penalties and forfeits		756	1	522	400	1 400	1 400	1 400	473	480	563
Licences and permits		34 015	998	43 597	6	48 611	48 611	48 611	51 138	6	7
Agency services		16	33 865		384	–	–	–		748	126
Transfers and subsidies		906	2	1	–	1 000	1 000	1 000	1	1	2
Other revenue		–	763	339	1 800	–	–	–	052	903	009
Gains on disposal of PPE	2	–	–	173	169	–	–	–	194	182	194
		118 934	190 055	559	751	169 751	169 751	169 751	555	600	728
		2	1	1	62	4	4	4	5	60	62
		050	696	922	678	630	630	630	655	737	960
Total Revenue (excluding capital transfers and contributions)		**441 838**	**526 657**	**562 107**	**684 170**	**624 790**	**624 790**	**624 790**	**703 073**	**720 827**	**761 917**

1.3.1 Property Rates

The levying of rates forms part of a municipality's annual budget process as set out in Chapter 4 of the Municipal Finance Management Act. A municipality must annually at the time of its budget process review the amount in the Rand of its current rates in line with its annual budget for the next financial year. Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is

therefore an integral part of the municipality's budgeting process in line with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R30 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further 10 per cent reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a minimum of 15 per cent to a maximum/total rebate of 100 per cent (calculated on a sliding scale) in line with the policy will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount as stipulated within the policy.
- Property owners must apply on a prescribed application form for a rebate as determined by the municipality.

- Registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport may also apply for property rebate.
- The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2018/19 financial year based on a 5.2 per cent increase from 1 July 2018 is contained below:

Table 5 Comparison of proposed rates to levy for the 2018/19 financial year.

ANNEXURE "E"						
PART 1 : RATES AND TAXES						
	Valuation in Rands	**2015/2016**	**2016/2017**	**2017/2018**	**2018/2019**	**Tariff Codes**
Residential	0 - 30 000					
	Market Value - 30 000 (10% reduction)					
	30 001 - 999999999.99	0,0111	0,0119	0,0126	0,0133	VA001

Business/Industrial/ Commercial	0 - 999999999.99	0,0209	0,0222	0,0237	0,0249	VA007 & VA008
	(5% reduction)					
Agriculture	First 25% Of the Residential Tariff					
	100% Phased in terms of the MFMA	0,0111	0,0119	0,0032	0,0033	VA006
Agriculture Residential				0,0020	0,0021	New Tariff
Government	0 - 999999999.99	0,0278	0,0296	0,0315	0,0332	VA002
Schools	0 - 999999999.99	0,0278	0,0296	0,0315	0,0332	VA002
Public Service Infrustructure	First 25% Of the Residential Tariff					
	100% Phased in terms of the MFMA	0,0111	0,0119	0,0032	0,0033	VA009
Vacant Stands Business						
From 2018/19	0 - 999999999.99	0,0111	0,0119	0,0126	0,0133	VA000
Vacant Stands Residential	0 - 30 000	0	0			
	30 001 - 999999999.99	0,0111	0,0119	0,0126	0,0133	VA000
Private own town	0 - 30 000	0	0			VA001

	30 001 - 999999999.99	0,00855	0,00911	0,00970	0,0102	
Gholf Island	0 - 30 000	0	0			
	30 001 - 999999999.99	0,0111	0,01641	0,01746	0,0184	VAP004

1.3.2 Sale of Water and Impact of Tariff Increases

Table 6 Summary of the proposed water tariffs for households (residential) and non-residential are as follows:

ANNEXURE "B"								
PART 1 : SUPPLY OF WATER								
Schedule (b) Water		**Parys/Heibron/Vredefort/Koppies/Edenville**						
Tariffs excluding VAT	**Tariff Codes Services**		**2015/2016**	**2016/2017**	**2017/2018**	**2018/2019**	**VAT%**	**TOTAL**
Residential/Church – Conv	BW001 All Residential	**Basic**	40,09	43,46	46,59	49,01	7,35	56,36
0 - 6	Indigents Only	**Free Cons**			-	-	-	-

0 – 20	WA001	**7 - 20 Indigent Only**	8,09	8,77	9,40	9,89	1,48	11,38
21 – 30	WA001	**0 - 20**	8,09	8,77	9,40	9,89	1,48	11,38
31 - >	WA001	**21 - 30**	8,21	8,90	9,54	10,04	1,51	11,54
		31 - >	8,33	9,03	9,68	10,18	1,53	11,71
Business (per Business)	BW002	Basic	128,76	139,57	149,62	157,40	23,61	181,01
	WA002	Cons	8,09	8,77	9,40	9,89	1,48	11,38
Without meters	BW002	Basic	128,76	139,57	149,62	157,40	23,61	181,01
						-	-	-
Bulk/Government/Schools	BW004	Basic	128,75	139,57	149,61	157,39	23,61	181,00
	WA004	Cons	8,09	8,77	9,40	9,89	1,48	11,38
					-	-	-	-
Industrial	BW009	Basic	83,92	90,97	97,52	102,59	15,39	117,98
	WA009	Cons	8,09	8,77	9,40	9,89	1,48	11,38
					-	-	-	-
Small Business(Business from Home)	BW010	Basic	63,88	69,24	74,23	78,09	11,71	89,80
	WA015	Cons			-	-	-	-
					-	-	-	-
Municipal	WA005	Cons	8,09	8,77	9,40	9,89	1,48	11,38
					-	-	-	-
Sewerage	WA013	Cons	4,79	5,19	5,56	5,85	0,88	6,73
					-	-	-	-
Unpurified	WA014	Cons	4,79	5,19	5,56	5,85	0,88	6,73
					-	-	-	-
Sports Organisations	WA007	Cons	8,09	8,77	9,40	9,89	1,48	11,38
					-	-	-	-
Vacant stands	BW000	Basic	85,17	92,33	98,97	104,12	15,62	119,74

Water sales for the financial year are R69m and represent an increase of R4m or 6% on the 2018/2019 budget of R65m of 17/18 as a result of the proposed tariff increase. With the current water and electricity supply challenges facing the municipality and the country at large, since demand growth outstrips the supply. National Treasury has in the past encouraged all municipalities to carefully review the level and structure of their water tariffs to ensure:

A tariff increase of 8.7 per cent from 1 July 2018 for water is proposed. This is based on input cost assumptions of 8.7 per cent increase in the cost of bulk water both DWS and Rand Water. 6 kℓ water per 30-day period will be granted free of charge to registered indigent households

1.3.3 Sale of Electricity and Impact of Tariff Increases

Table 7 A summary of the proposed electricity tariffs for households (residential) and non-residential are as follows:

- Electricity revenue of R204m represents an increase of R29m on the 2017/2018 adjustments budget amount of R175m as a result of the tariff increase and growth in consumption based on previous trends
- The proposed electricity tariff increase is 6,84% in line with the Nersa guidelines. The municipality will link the online-prepaid system to collect for other services and arrear accounts by implementing the Credit Control Debt Control by law.
- Registered indigents will again be granted 50 kWh per 30-day period free of charge.

PART 1 : SUPPLY OF ELECTRICITY								
Schedule (a) Electricity								
Tariffs excluding VAT	**Tariff Codes**	**2014/2015**	**2015/2016**	**2016/2017**	**2017/2018**	**2018/2019**	**VAT%**	**TOTAL**
Residential - Pre Paid - Non Indigent								
	EL001	1,28	1,4362	1,5310	1,6290	1,7404	0,26	2,00
							-	
Residential - Conventional - Non Indigent							-	
	EL001	1,28	1,4362	1,5310	1,6290	1,7404	0,26	2,00
							-	
Residential - Pre Paid - Indigent							-	
	EL001	0,92	1,0322	1,00	1,06	1,14	0,17	1,31
					-	-	-	-
Residential - Conventional - Indigent					-	-	-	-
	EL01I	0,92	1,0322	1,00	1,06	1,14	0,17	1,31
					-		-	
Business Business (Pre-paid incl)	BE002	485,00	561,13	580,00	617,12	659,33	98,90	758,23
	EL002	1,19	1,3324	1,45	1,54	1,65	0,25	1,90
					-	-	-	-
Government	BE014	570,00	639,5400	688,40	732,46	782,56	117,38	899,94
	EL014	1,14	1,2846	1,3827	1,47	1,57	0,24	1,81
					-	-	-	-
Churches	BE015	223,66	251,00	260,00	276,64	295,56	44,33	339,90
	EL015	1,32	1,4788	1,5860	1,69	1,80	0,27	2,07
					-	-	-	-
Small Holdings	BE003	300,00	336,60	350,00	372,40	397,87	59,68	457,55
	EL003	1,20	1,3408	1,45	1,54	1,65	0,25	1,90
					-	-	-	-
Small Business	BE016	80,00	90,00	350,00	372,40	397,87	59,68	457,55
	EL016	1,37	1,5422	1,45	1,54	1,65	0,25	1,90
					-	-	-	-
Bulk Consumers	BE004	570,00	639,54	690,00	734,16	784,38	117,66	902,03
	EL004	0,77	0,9600	1,0335	1,10	1,17	0,18	1,35
	EL004	139,60	139,6000	148,00	157,47	168,24	25,24	193,48
					-	-	-	-
Municipal	BE005	485,00	544,17	585,74	623,23	665,86	99,88	765,73
	EL005	1,19	1,3335	1,4343	1,53	1,63	0,24	1,88
					-	-	-	-
Sundry Consumers	BE006	485,00	544,17	585,74	623,23	665,86	99,88	765,73
	EL006	1,19	1,3335	1,4343	1,53	1,63	0,24	1,88
					-	-	-	-
Sports Organisations	BE007	570,00	639,54	688,40	732,46	782,56	117,38	899,94
	EL007	1,14	1,2846	1,3827	1,47	1,57	0,24	1,81
					-	-	-	-
Schools/Hostels	BE008	570,00	639,54	688,40	732,46	782,56	117,38	899,94
	EL008	1,14	1,2846	1,3827	1,47	1,57	0,24	1,81
					-	-	-	-
Industrial					-	-	-	-
< 10kW	BE009	485,00	639,54	688,40	732,46	782,56	117,38	899,94
	EL009	1,20	1,3408	1,4432	1,54	1,64	0,25	1,89
10kW - 29kW	BE010	485,00	639,54	688,40	732,46	782,56	117,38	899,94
	EL010	1,20	1,3408	1,4432	1,54	1,64	0,25	1,89
30kW and more	BE011	485,00	639,54	690,00	734,16	784,38	117,66	902,03
	EL011	1,20	1,3408	1,45	1,54	1,65	0,25	1,90
					-	-	-	-
Telkom exchange/Auto Exchange	BE012	570,00	639,54	690,00	734,16	784,38	117,66	902,03
	EL012	0,77	0,9600	1,0335	1,10	1,17	0,18	1,35
	EL012	139,60	139,6000	148,00	157,47	168,24	25,24	193,48
					-	-	-	-
Flood Lights/ Streetlights	BE013	287,81	-	300,00	319,20	341,03	51,15	392,19
			1,0322	1,11	1,18	1,26	0,19	1,45
Vacant stands Residential	BE000	160,01	103,22	110,00	117,04	125,05	18,76	143,80
					-	-	-	-
Vacant stands Business and Other	BE017	161,09	103,22	110,00	117,04	125,05	18,76	143,80

1.3.4 Sanitation and Impact of Tariff Increases

Sanitation revenue of R45m represents an increase of R7m or 18% on the 2017/2018 budget of R38m as a result of the tariff increase. A tariff increase of 5.2 per cent for sanitation from 1 July 2018 is proposed. Table 8 The following table of sanitation compares the current and proposed tariffs:

ANNEXURE "C"								
PART 1 : SUPPLY OF SANITATION								
Schedule 6(d) Sewerage		**Parys/Heibron/Vredefort/Koppies/Edenville**						
Tariffs excluding VAT	**Tariff Codes**	**Services**	**2015/2016**	**2016/17**	**2017/18**	**2018/19**	**VAT%**	**TOTAL**
Residential:	SE001	Waterborne (per household)	84,81	90,41	96,20	101,20	15,18	116,38
	SEBS	Bucket System	42,97	45,81	48,74	51,27	7,69	58,97
	SEST	Suction Tank	83,61	89,13	94,83	99,76	14,96	114,73
						-	-	-
Schools/Government	SE008	Per point	142,99	152,42	162,18	170,61	25,59	196,20
					-	-	-	-
Businesses/Hostels	SE002	Per Business/Unit/Empty Business	274,87	293,01	311,76	327,97	49,20	377,17
	SEH011	Clover	69 774,28	74 379,38	79 139,66	83 254,92	12 488,24	95 743,16
	SEH012	Simba	1 744,62	1 859,77	1 978,79	2 081,69	312,25	2 393,94
					-	-	-	-
Khaya Ebubhesi	Sundry	Khaya Ebubhesi Per Dumping	424,91	452,96	481,95	507,01	76,05	583,06

		As Per Council Resolution			-	-	-	-
					-	-	-	-
Small Business (Business From Home)	SEH016	Waterborne per shop	107,18	114,26	121,57	127,89	19,18	147,08
					-	-	-	-
					-	-	-	-
					-	-	-	-
Sport Organisations	SE007	Per Point	120,41	128,36	136,57	143,67	21,55	165,22
					-	-	-	-
Departmental (Municipal)	SE005	Per Point	105,66	112,64	119,85	126,08	18,91	144,99
					-	-	-	-
Vacant Stands	SE000		112,17	119,57	127,22	133,84	20,08	153,91
					-	-	-	-
Abattoir	SE003		3 005,88	3 204,26	3 409,34	3 586,62	537,99	4 124,62
					-	-	-	-
Churches and Welfare Organisations	SE013	Fixed basic charge	105,66	112,64	119,85	126,08	18,91	144,99
					-	-	-	-
Bulk	SE004	Per point	96,10	102,45	109,00	114,67	17,20	131,87
					-	-	-	-
Holiday Resorts/Hotels/Guest Houses	SE006	Per Point	106,17	113,18	120,42	126,68	19,00	145,69
					-	-	-	-
Old Aged Homes:	SE009	Clinic/Rooms Per Point	66,04	70,40	74,91	78,80	11,82	90,62
	SE010	Flats/Houses Per Unit	107,19	114,26	121,58	127,90	19,18	147,08

1.3.5 Waste Removal and Impact of Tariff Increases

Refuse removal revenue of R39m represent an increase of R5m or 14% on the 2017/2018 budget of R34m as a result of the tariff increase. A 5.2 per cent increase in the waste removal tariff is proposed from 1 July 2018. Table 9 The following table compares current and proposed amounts payable from 1 July 2018:

ANNEXURE "D"								
PART 1 : SUPPLY OF REFUSE								
Refuse								
Tariffs excluding VAT		**Tariff Codes Services**	**2015/2016**	**2016/2017**	**2017/2018**	**2018/2019**	**VAT%**	**TOTAL**
Residential		RF001	80,50	85,81	91,31	96,05	13,70	109,75
					-	-	-	-
Holiday Resorts	/Cottage	RF016	31,53	33,61	35,76	37,62	5,36	42,98
Office considered as	/Caravan Stand	RF017	15,86	16,90	17,98	18,92	2,70	21,62
1 Cottage					-	-	-	-
					-	-	-	-
Churches and Welfare		RF018	80,14	85,43	90,90	95,62	13,63	109,26
					-	-	-	-
					-	-	-	-
Small Business(Business From Home)		RF020	80,14	85,43	90,90	95,62	13,63	109,26

					-	-	-	-
					-	-	-	-
Municipal		RF005	61,57	65,64	69,84	73,47	10,48	83,95
					-	-	-	-
Sports Clubs		RE007	26,51	28,26	30,07	31,63	4,51	36,14
					-	-	-	-
Industrial	Large	RE009	364,38	388,42	413,28	434,77	61,99	496,77
					-	-	-	-
Businesses Restau-	1	RF002	154,99	165,22	175,79	184,93	26,37	211,30
rants, café's,	2		232,98	248,36	264,25	278,00	39,64	317,63
	3-99999999		348,96	371,99	395,79	416,38	59,37	475,74
Government properties	1-999999		355,07	378,51	402,73	423,67	60,41	484,08
Hotels, Supermarkets	0-2	RF015	702,61	748,98	796,92	838,36	119,54	957,90
Hospitals, Country	3-99999999		105,73	112,71	119,92	126,15	17,99	144,14
Club, Guest Houses					-	-	-	-
					-	-	-	-
Old Aged Homes	1	RF019	37,35	39,82	42,37	44,57	6,35	50,92
Hostels	2-99999999		7,63	8,13	8,65	9,10	1,30	10,40
					-	-	-	-
Bulk	1	RF004	667,89	711,98	757,54	796,93	113,63	910,57
Government	2-99999999		100,50	107,14	113,99	119,92	17,10	137,02
					-	-	-	-
Schools	1	RF008	667,89	711,98	757,54	796,93	113,63	910,57

		2-99999999		100,50	107,14	113,99	119,92	17,10	137,02

1.3.6 Overall impact of tariff increases on households.

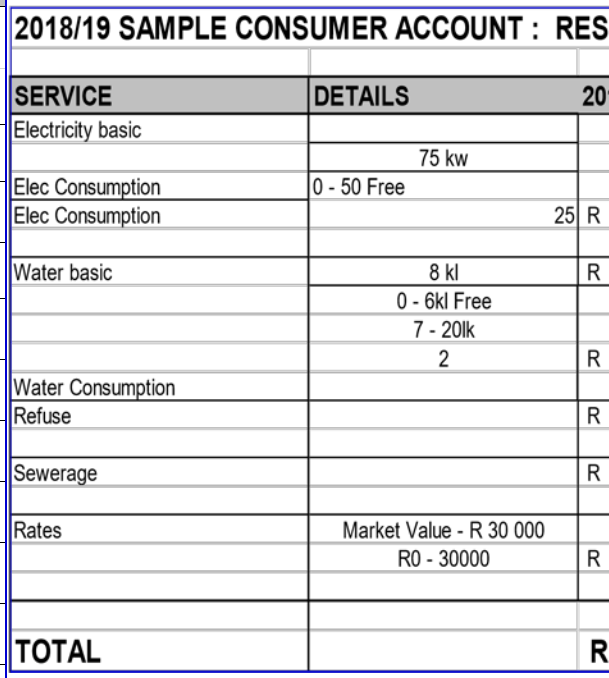
The following table shows the overall expected impact of the tariff increases is influenced as per the guidelines of National Treasury. The impact on the household is huge as compared with the revenue growth which does not reflect growth in the community. The rate of unemployment within the municipality is not in line with the tariff increases on the households. The majority of the Ngwathe households in terms of the income threshold are just above the indigent threshold, which means that as and when the services are increasing it will burden the households in terms of affordability.

However the municipality has put in place the indigent policy and rates taxes rebates as a relief.

Table 10 MBRR Table SA14 – Household bills/Sample Accounts

2018/19 SAMPLE CONSUMER ACCOUNT : RESIDENTIAL

SERVICE	DETAILS	2016-2017	2017-2018	2018-2019	VAT%	TOTAL	INCREASE
	0 - 400kWh						
Elec Consumption	400	R 630,14	R 651,60	R 696,17	R 104,43	R 756,03	R 44,57
Water basic	Basic Water	R 43,79	R 46,59	R 49,01	R 7,35	R 56,36	R 2,42
	30 kl						
Consumption	0 - 20kl	R 175,39	R 188,02	R 197,80	R 29,67	R 227,47	R 9,78
	21 - 30kl	R 61,80	R 66,25	R 69,70	R 10,45	R 80,15	R 3,45
	31 >	R 29,20	R 31,30	R 32,93	R 4,94	R 37,87	R 1,63
Refuse		R 85,74	R 91,31	R 96,06	R 14,41	R 110,47	R 4,75
Sewerage		R 90,33	R 96,20	R 101,20	R 15,18	R 116,38	R 5,00
Rates							
	Market Value - R 600 000 (1 July 2014)						
	R0 - 30 000						
	R 570 000						
	R 57 000						
	R 513 000	R 483,66	R 514,61	R 541,37	R 81,21	R 622,58	R 26,76
TOTAL		**R 1 600,06**	**R 1 685,88**	**R 1 784,24**	**R 267,64**	**R 2 007,30**	**R 98,35**



2018/19 SAMPLE CONSUMER ACCOUNT : RES

SERVICE	DETAILS	20
Electricity basic		
	75 kw	
Elec Consumption	0 - 50 Free	
Elec Consumption	25	R
Water basic	8 kl	R
	0 - 6kl Free	
	7 - 20lk	
	2	R
Water Consumption		
Refuse		R
Sewerage		R
Rates	Market Value - R 30 000	
	R0 - 30000	R
TOTAL		R

2018/19 SAMPLE CONSUMER ACCOUNT : BUSINESS

SERVICE	DETAILS	2016-2017	2017-2018	2018-2019	VAT%	TOTAL	INCREASE
Electricity basic		R 617,12	R 617,12	R 659,33	R 98,90	R 758,23	R 42,21
Consumption	6 890 kwh	R 9 686,87	R 10 610,60	R 11 368,50	R 1 705,28	R 13 073,78	R 757,90
Water basic		R 139,45	R 149,62	R 157,40	R 23,61	R 181,01	R 7,78
Consumption	115	R 1 007,98	R 1 081,00	R 1 137,35	R 170,60	R 1 307,95	R 56,35
Refuse		R 123,81	R 175,79	R 184,93	R 27,74	R 212,67	R 9,14
Sewerage		R 292,76	R 311,76	R 327,97	R 49,20	R 377,17	R 16,21
Rates	890000	R 1 767,93	R 1 881,08	R 1 978,89	R 296,83	R 2 275,73	R 97,82
TOTAL		**R 13 635,92**	**R 14 826,97**	**R 15 814,38**	**R 2 372,16**	**R 18 186,53**	**R 987,41**

2018/19 SAMPLE CONSUMER ACCOUNT : SMALL BUSINESS

SERVICE	DETAILS	2016-2017	2017-2018	2018-2019	VAT%	TOTAL	INCREASE

Electricity basic		R 98,20	R 372,40	R 397,87	R 59,68	R 457,55	R 25,47
Consumption	600	R 870,00	R 924,00	R 987,20	R 148,08	R 1 135,28	R 63,20
Water basic		R 69,24	R 73,68	R 77,51	R 11,63	R 89,13	R 3,83
Consumption	10	R 87,70	R 93,31	R 98,16	R 14,72	R 112,88	R 4,85
Refuse		R 85,43	R 90,90	R 95,62	R 14,34	R 109,97	R 4,73
Sewerage		R 114,25	R 121,57	R 127,89	R 19,18	R 147,07	R 6,32
Rates		R 49,30	R 52,46	R 55,19	R 8,28	R 63,46	R 2,73
	50000						
TOTAL		**R 1 374,12**	**R 1 728,30**	**R 1 839,44**	**R 275,92**	**R 2 115,35**	**R 111,13**

2018/19 SAMPLE CONSUMER ACCOUNT : SCHOOL

SERVICE	DETAILS	2016-217	2017-2018	2018-2019	VAT%	TOTAL	INCREASE
Electricity basic		R 695,79	R 732,46	R 782,56	R 117,38	R 899,94	R 50,10
Consumption	300	R 2 856,85	R 3 108,25	R 3 320,86	R 498,13	R 3 818,99	R 212,60

Water basic		R 139,45	R 149,61	R 157,39	R 23,61	R 181,00	R 7,78
Consumption	144	R 1 262,16	R 1 353,60	R 1 424,16	R 213,62	R 1 637,78	R 70,56
Refuse		R 283,64	R 757,54	R 796,93	R 119,54	R 916,47	R 39,39
Sewerage	36 Points	R 5 482,57	R 5 838,48	R 6 142,08	R 921,31	R 7 063,39	R 303,60
	36						
TOTAL		**R 10 720,46**	**R 11 939,94**	**R 12 623,98**	**R 1 893,60**	**R 14 517,58**	**R 684,04**

SUNDRY TARIFF LIST 2018 - 2019

SERVICE	DETAILS	2016-2017	2017-2018	2018-2019	VAT%	TOTAL	INCREASE
Grave	Adult - Town	R 1 083,44	R 1 154,00	R 1 214,01	182,10	1 396,11	60,01
Grave	Child - Town	R 752,53	R 801,00	R 842,65	126,40	969,05	41,65
Grave	Adult - Township	R 401,62	R 428,00	R 450,26	67,54	517,79	22,26
Grave	Child - Township	R 249,51	R 265,00	R 278,78	41,82	320,60	13,78
Grave	Re-Opening	R 660,47	R 703,00	R 739,56	110,93	850,49	36,56

Grave	Double Grave on Top of each other	R 1 371,64	R 1 461,00	R 1 536,97	230,55	1 767,52	75,97
Fine	Tampering with Electricity and **Water** meters	R 4 107,98	R 4 370,89	R 4 598,18	689,73	5 287,91	227,29
	Residential						
	1 st offence	R 5 000,00	R 7 000,00	R 7 478,80	1 121,82	8 600,62	478,80
	2nd offence		R 10 000,00	R 10 684,00	1 602,60	12 286,60	684,00
	3rd offence		R 20 000,00	R 21 368,00	3 205,20	24 573,20	1 368,00
	After Offence 1 to 3, then is removal of cable	R 27 350,00	R 29 100,40	R 31 090,87	4 663,63	35 754,50	1 990,47
	Tampering with Electricity and Water meters	R 4 356,48	R 4 635,30	R 4 876,33	731,45	5 607,78	241,04
	Business						
	1 st offence	R 15 000,00	R 20 000,00	R 21 368,00	3 205,20	24 573,20	1 368,00
	2nd offence - then is removal of cable	R 30 000,00	R 40 000,00	R 42 736,00	6 410,40	49 146,40	2 736,00
Building Plan	Building without approved **Plan**	R 1 201,33	R 1 206,00	R 1 268,71	190,31	1 459,02	62,71
	Removal of Builders waste	R 438,65	R 440,00	R 462,88	69,43	532,31	22,88
	New Plan	R 131,59	R 140,02	R 147,30	22,09	169,39	7,28
	Existing Plan	R 157,06	R 167,12	R 175,81	26,37	202,18	8,69
Double Stands	Consolidation of Stands/Subdivisions	R 393,37	R 418,54	R 440,31	66,05	506,35	21,76

SERVICE	DETAILS	2016-2017	2017-2018	2018-2019	VAT%	TOTAL	INCREASE
Clearance	Clearance Certificate	R 120,27	R 127,97	R 134,63	20,19	154,82	6,65
	Valuation Certificates	R 67,92	R 72,27	R 76,02	11,40	87 ,43	3,76
	Valuation Roll	R 523,55	R 557,05	R 586,02	87,90	673,92	28,97
	Objection against valuation	R 219,32	R 233,36	R 245,50	36,82	282,32	12,13
	Returned Cheque	R 76,41	R 81,30	R 85,53	12,83	98 ,36	4,23
Halls	Parys Hall	R 1 123,51	R 1 195,41	R 1 257,57	188,64	1 446,21	62,16
	Forum Building	R 465,53	R 495,33	R 521,08	78,16	599,25	25,76
	Mosepeli Hall	R 740,04	R 787,40	R 828,35	124,25	952,60	40,95
	Schonkenvulle Hall	R 449,97	R 478,77	R 503,66	75,55	579,21	24,90
	Heilbron Hall R 1 168,78 R 1 243,59 R 1 308,25 196,24 1 504,49 64,67 Phiritona Hall R 387,71 R 412,52 R 433,97 65,10 499,07 21,45 Sandersville Hall R 483,93 R 514,90 R 541,67 81,25 622,93 26,77						
	Koppies Hall	R 873,05	R 928,93	R 977,23	146,58	1 123,82	48,30
	Kwakwatsi Hall	R 754,19	R 802,46	R 844,19	126,63	970,82	41,73
	Vredefort Hall	R 912,67	R 971,08	R 1 021,58	153,24	1 174,81	50,50
	Vredeshoop Hall	R 343,84	R 365,85	R 384,87	57,73	442,60	19,02
	Ngwathe Hall	R 480,37	R 511,12	R 537,70	80,65	618,35	26,58
Resorts Heilbron Caravan Stands R 83,48 R 88,83 R 93,45 14,02 107,46 4,62 Parys Caravan Stands R 251,87 R 267,99 R 281,92 42,29 324,21 13,94							
	Chaletts 1-4 per person(In Season)	R 493,83	R 525,44	R 552,76	82,91	635,68	27,32
Traffic	Escort of Heavy Vehicles	R 960,78	R 1 022,27	R 1 075,43	161,31	1 236,74	53,16
	Escort of Funerals/Summons(Per hour and part the	R 168,38	R 179,16	R 188,48	28,27	216,75	9,32
Vote Posters	1-50 Posters	R 97,63	R 103,88	R 109,29	16,39	125,68	5,40
	51-100 Posters	R 195,27	R 207,77	R 218,57	32,79	251,36	10,80
Sewerage Blockages	House unblockage, During Office hours	R 213,66	R 227,34	R 239,16	35,87	275,03	11,82
	House unblockage, During Office hours	R 394,78	R 420,05	R 441,89	66,28	508,18	21,84
Water	Special Water Meter Reading	R 109,92	R 116,95	R 123,03	18,45	141,49	6,08
	Testing Water Meter Reading	R 389,16	R 414,07	R 435,60	65,34	500,94	21,53
Service Deposit Water and Electricity Deposit R 1 204,16 R 1 281,23 R 1 347,85 202,18 1 550,03 66,62 Electricity Re-Connection Fee							
	8. Re-connection of electricity during emergencies R 411,16 R 437,47 R 460,22 69,03 529,26 22,75 Prepaid Meters Barred Reconnection Fee R 304,96 R 320,82 48,12 368,94 15,86 Disconnection /Re-connection fee						

First incident	R 286,62	R 304,96	R 320,82	48,12	368,94	15,86
Second incident at reconnection X2	R 573,23	R 609,92	R 641,63	96,25	737,88	31,72
Third and above incident at reconnection fee p	R 661,51	R 703,85	R 740,45	111,07	851,51	36,60
Testing Electricity Meter	R 358,68	R 381,64	R 401,48	60,22	461,71	19,85
Final Reading/New connection on New Accounts	R 160,58	R 170,86	R 179,74	26,96	206,70	8,88
Installation of Pre-Paid Meter	R 303,50	R 322,93	R 339,72	50,96	390,68	16,79

1.4 Operating Expenditure Framework

The Municipality's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan (informed by the municipal master plans);
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cashbacked reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

The budgeted allocation for employee related costs for the 2018/19 financial year totals R215million, which equals 26 per cent of the total operating expenditure. The budget for employee related costs are based on the proposed organogram. An annual increase of CPIX and in the next 2 years outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. Remuneration of Councillors for 2018/19 is R14m.

The provision of debt impairment for the 2017/18 financial year equates to R68 million and increased in 2018/19 to R71m. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R68 million for the 2018/19 financial year. The depreciation on 2017/18 financial year is R65 million the relative increased is based on additions.

Finance charges consist primarily of the repayment of interest portion on overdue creditors. Finance charges has decreased from audited figures of R81m to R200 thousand for 2018/19 due Eskom arrangement with the municipality.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from DWS and Rand Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. The 2018/19 budget for bulk purchases is R252 million which is more by R90 million as compared with budget of 2017/18 for bulk purchases amounting to R175 million. The audited, current invoices and payment arrangement have been taken into consideration for the budget of 2018/19.

Other expenditure comprises of various line items relating to the daily operations of the municipality.

1.4.1 Free Basic Services: Basic Social Services Package

A consumer qualifying for indigent support will receive the following subsidies as determined annually during the preparation of the municipality's budget, the provision amounting to R51m has been made to cover the below indigents benefits-

SERVICE	**INDIGENT SUBSIDY**
Water	6 Kilolitres per month
Electricity (pre-paid and conventional	50 kWh
Sewerage	100%
Refuse	100%
Assessment Rates (Category A)	100%
Assessment Rates (Category B)	R200 rebate per month If the market value of the house is R1 500 000

1.5 Capital expenditure

For 2017/18 capital budget was R102 million has been appropriated for the development of infrastructure. The Proposed Capital Budget for the 2018/2019 financial year amounts to R102 million. Refer to TABLE A5 of the budget schedule

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. The capital programme is funded from capital grants and transfers and capital funded internally will be done as the funds are available.

FS203 Ngwathe - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote											
Single-year expenditure *to be appropriated*	2										
Vote 1 - Executive and Council		–	62	–	–	2 320	2 320	2 320	–	–	–

Vote 2 - Finance and Admin		–	299	5 963	–	3 850	3 850	3 850	–	–	–
Vote 3 - Planning and Development		–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social services		–	32	764	5 500	10 200	10 200	10 200	–	–	–
Vote 5 - Housing		–	–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	4 000	4 000	4 000	–	–	–
Vote 7 - Sports and Recreation		–	–	–	8 717	8 717	8 717	8 717	370	–	–
Vote 8 - Waste Management		–	–	–	5 067	5 067	5 067	5 067	–	–	–
Vote 9 - Waste Water Management		159	642	–	20 000	34 100	34 100	34 100	1 400	20 000	21 100
Vote 10 - Road Transport		–	372	115 908	15 122	15 122	15 122	15 122	22 591	19 621	20 623
Vote 11 - Water		–	459	–	28 525	28 525	28 525	28 525	72 745	65 000	72 500
Vote 12 - Electricity		68 260	3 608	–	5 000	11 000	11 000	11 000	3 000	3 840	6 400
Vote 13 - Technical Services and PMU		–	–	–	2 146	2 146	2 146	2 146	2 058	2 350	2 479
Vote 14 - Airport		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**68 418**	**5 474**	**122 635**	**90 078**	**125 048**	**125 048**	**125 048**	**102 164**	**110 811**	**123 102**
Total Capital Expenditure - Vote		**68 418**	**5 474**	**122 635**	**90 078**	**125 048**	**125 048**	**125 048**	**102 164**	**110 811**	**123 102**

Part 2 – Supporting Documentation

2.1 Overview of the Annual Budget Process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of

priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2017) a time schedule that sets out the process to revise the IDP and prepare the budget. In light of the above, Council approved an Integrated Process Plan in 14 September 2017 as required by Section 21 of the Municipal Finance Management Act and section 34 of the Municipal Systems Act (MSA). The plan outlined key deadlines for the review of the Integrated Development Plan (IDP), Budget and other processes required by municipal legislation.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the honourable mayor.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

In compliance with chapters 4 and 5, Act No. 32 of 2000, the IDP & Budget Documents for 2018 to 2021 will also be available for inspection for a period of 30 days as from the 1st April to the 30th April 2018. Both documents will be available at all Libraries and Municipal Satellite offices across as well as the Ngwathe Local Municipality website.

2.1.1 Overview of Alignment of the Budget with the IDP

The Municipal IDP is the principal strategic planning document, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;

- Public participation process;
- Compilation of the SDBIP,

During the compilation of the 2018/19 MTREF, each department/function (at strategic planning session) had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2017/18 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detailed operating budget appropriations and three-year capital programme.

IDP Strategic Objectives

	2018/19 MTREF
1.	Improve service delivery and infrastructure development
2.	Improvement of public participation and good governance
3.	Improve institutional development and transformation
4.	Financial Viability
5.	Local economic development
6.	Spatial Planning

The Service Delivery and Budget Implementation Plan (SDBIP) of the municipality will be ed and will be approved by the Executive Mayor after approval of the budget in May 2018.

2.2 Overview of budget related-policies

In terms of regulation 7 of the Municipal Budget and Reporting Regulations (MBRR) when annual budget is tabled it must be accompanied by any proposed amendments to policies and by-laws due to annual review process. The budget policies and by-laws were reviewed and forms part of the budget. Budget related policies and by-laws will be extensively be reviewed during the 2018/2019 financial year. Refer to the below 2017/18 status of the following policies and by-laws.

The following policies are tabled with the budget:

a. Credit Control and Debt Collection Policy; By-laws
b. Property Rates Policy;
c. Policy on Free Basic Services;
d. Tariff Policy
e. Budget Policy;
f. Supply Chain Management
g. Transfer and Virement Policy;
h. Funding and Reserves Policy;
i. Asset Management Policy
j. Banking and Investment Policy
k. Borrowing Policy
l. Funding and Reserves Policy
m. Wasteful and Fruitless Expenditure
n. Cell phone Allowance
o. Traveling and Subsistence

2.3 Municipal Manager's Quality Certificate

I ……, Municipal Manager of Ngwathe Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Ngwathe Local Municipality (FS203)

Signature _____

Date _____